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## **Russian Federation**

### **Grain and Feed**

### **Annual**

### **2003**

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#### **Report Highlights:**

**Total grain production in 2003, led by the wheat sector, is forecast to drop by more than 10 million metric tons (mmt) to 75 mmt. Conversely, consumption will increase, fueled by increased livestock and poultry production. As a result of these factors, domestic prices will rise, making Russia less competitive in the world market and substantially decreasing exports.**

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Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Moscow[RS1], RS

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## Executive Summary

Post forecasts total Russian grain production in 2003 at 75.7 mmt, 10.5 mmt lower than in 2002. This decrease is due to a smaller area sown to winter grains and increased winterkill. Additionally, low grain prices and ample stocks may act as a damper on spring planting decisions. This forecast assumes normal weather.

Despite the substantially lower expected crop, feed consumption will increase nearly by three mmt, especially feed use of barley due to the lower wheat crop mentioned earlier.

Grain imports will slightly increase to 1.75 mmt from an estimated 1.1 mmt in MY 2002/03 because of more intensive [border] trade in wheat and higher-than-last-year imports of malting barley and corn. Grain exports will plummet after last year's historic high of 14.5 mmt, but the grain trade balance will remain positive and Post forecasts 6.8 mmt of total exports.

## General Outlook for The 2003 Harvest

Post forecasts 2003 grain production at 75.7 mmt, a drop of almost 11 mmt from last year, given normal weather conditions and assuming that input supplies and farm management practices continue to improve. The overall area sown to grain is forecast to remain unchanged, but Post forecasts more area sown to crops other than wheat. Low grain prices at harvest led to a decrease in farmers' incomes and therefore a decreased incentive for winter wheat sowing. Thus, the average grain yield, which increased significantly in 2002 due to a bigger share of winter wheat, will fall in 2003. The main constraint to an increase in production in 2003 will be the financial status of farmers. Increases in fuel prices will put another constraint on financing of spring operations.

On March 17, 2003 the Government of the Russian Federation issued a "seasonal" resolution to provide for spring agricultural field operations in 2003. The resolution authorizes the Ministry of Agriculture and other related Ministries to undertake measures to supply agriculture with fuel (up to 2.2 million tons of diesel and up to 1.1 million tons of automobile fuel) and to allocate up to 500 tons of pesticides. The various Ministries will be able to authorize further measures if needed. The Ministry of Finance will subsidize monetary shortfalls in the amount not less than 1.3 billion rubles for conducting spring sowing.

## Wheat Outlook

After three years of increasing area sown in winter wheat (which followed the 1998 crisis low of 13.1 million hectares), the area sown in fall 2002 decreased to 14.0 million hectares, 13 percent below 2001, and four percent lower than in 2000. Winterkill is estimated at 10-15 percent of sown area and, therefore, Post forecasts almost a 11 mmt decrease in production from last year. Based on the declarations of regional agricultural authorities, low feed wheat prices in MY 2002/03 will have a negative effect on spring sowing, as this has already affected winter sown area. However, demand is stable for high quality wheat (durum, hard and soft -grade 3 and 4) and farmers can still sell this wheat at a higher price. Better farmers may turn to producing more expensive wheat. Thus, lower volumes of production may be compensated with a higher quality of wheat. However, production of higher quality wheat requires better seeds and agronomic practices, which may be constrained by farmers' finances.

## Inputs

Access to essential inputs continues to be limited by the bad financial situation of farmers, who in large part still are forced to sell their grain right after harvest when prices are lowest.

### Machinery

The supply of machines to agriculture is increasing along with an increase of local equipment output and development of leasing schemes. However, there is still a shortage of tractors and some experts think the rather cold weather this year will cause harvest time to be short making the shortage more pronounced. Leasing of machines depends upon the financial status of farms, which was not improved by weak grain prices in 2002.

### Seeds

The total supply of seeds will be adequate in 2003 to sow the same area as in 2002. However, seed quality has not improved significantly as over 90 percent of seeds are saved by farmers from common seed stocks. The volume of the grain crop in 2003 and the quality of this crop will be determined mainly by weather and economic factors, not by seed quality. However, the situation will not be as promising for other grains as for wheat because the surplus in 2002 consisted mostly of wheat, while output of barley, oats, millet, buckwheat, rice and legumes decreased along with the stock of saved seeds. Thus, farmers who plant these latter crops have a poorer quality input base with which to work.

### Fertilizer and Chemicals

Prices for these inputs have increased and although the supply of fertilizer and chemicals is adequate, most farmers cannot afford to purchase necessary fertilizer. Moreover, shortages of money, unclear pricing, poor agronomic practices, as well as the well known vagaries of weather in most grain producing regions, dissuade farmers to purchase expensive fertilizer or chemicals, even when they can. Although the situation has improved, especially in the Southern Federal District, grain production in Russia is not a fertilizer/chemicals intensive industry. In the Federal Budget, allocations for support for procurement of fertilizer and chemicals is 606 million rubles (over \$20 million).

### Fuel

Fuel prices continue to increase quickly and the fuel supply is regarded as one of the main constraints of spring sowing in 2003. Agrarian groups are lobbying in favor of amendments to the Customs Tariffs Law which will enable the Government to set the oil export tariffs independently, thus, decreasing the domestic fuel prices. Additionally, there is pressure on the oil companies to negotiate better terms of financing for Oblast and other officials to ease this situation.

## General Export Situation

Post forecasts a more than fifty percent plummet in exports for MY2003/04 from 2002/03 due mainly to the significantly smaller forecast crop. According to experts, the main reason for last year's unprecedented exports was low domestic prices as compared to world prices and cheaper rail rates which made the use of foreign ports cost efficient. In fact, it was generally cheaper to move grain out of the country than within. However, this rail discount won't continue past April 1,

2003. Additionally the increasing domestic price will move Russia closer to world prices, further reducing competitiveness. Post believes that foreign ports will continue to be used for grain exports, just at a lower level than last year. (see transportation section below).

Several other factors are also likely to reinforce next year's reduced export potential. The first is the import quotas introduced by the EU on January 1 limiting Russia's access to that market to 600,000 tons. The other is the war in Iraq, especially as countries in the Middle East and North Africa have become more important trading partners for Russia; various traders and experts fear a prolonged war will put their ships in danger and the price of freight will rise. They also fear ports will be occupied with other goods. Additionally the proposed deal to deliver one mmt of grain to Egypt is stalled as apparently the Egyptians want to strike a barter deal and the Russians want money.

## Transportation

### Ports

Russian port capacity for grain exports is estimated by experts to be between 6.0 mmt and 6.5 mmt a year. Small infrastructural improvements are being implemented by traders, but any major increase in capacity in the next three or four years is not expected. The first reason for this is limited monetary resources and the fear that an adequate volume of exports will not keep up over the next few years to justify the money spent. The second is natural environmental barriers to construction. Official customs' statistics put last year's total grain exports at 14.5 mmt, although experts estimate it at closer to 12.5 or 13 mmt. This means half of all exports went out of foreign ports which remain essential if exports return to MY2002/03's level. The use of these ports for grain exports from Russia will continue to be seasonal with higher use during the winter and spring. Below is a summary of major ports involved in export of grain.

#### Novorossisk

Novorossisk is Russia's only deep water port and therefore the only port capable of handling Panamax size vessels. It is located on the Black Sea in a valley surrounded by mountains with only one incoming rail line. Any future infrastructural improvements will be limited by this topography. Putting in another rail line is, at the moment, prohibitively expensive, keeping delivery capacity to and from the port fairly static. Additionally, plans to increase capacity at this port are constrained by the knowledge that at least three mmt of grain would have to be handled there every year to justify investments. Looking at the export forecast for MY2003/04, this volume is doubtful. Costs at Novorossisk are higher than elsewhere in Russia due to its monopoly status as the only deepwater port and the way it is managed.

#### Rostov-on-Don and other Ports on the Don River and Sea of Azov

Several ports along the Don River and Sea of Azov, including Rostov, Yeisk, and Taganrog, can accommodate vessels up to 5,000 tons. During the summer months, shipments down the Don river and into the Azov Sea are the main way for grain to move out of the country. The capacity of these ports is going up as a number of small facilities are either being constructed or modernized. The strait which connects the Azov Sea to the Black Sea is shallow and rocky. Thus, it is impossible to make the channel deeper or wider limiting the size of vessels which can use these ports, but not the number. So, even if the ports themselves were dredged to accommodate larger vessels, the strait would not allow them access to the Black Sea.

### Other Russian Ports

The far east has been a development priority for the Russian government due to its proximity to Asian markets. However, there is only one rail line to this area from European Russia limiting exports from Vladivostok to approximately 100,000 tons a month. Despite rail tariff incentives to export from this area, capacity will remain limited in the near future. St. Petersburg can take ships up to 30,000 tons but, there is no storage and most of the agricultural cargo going through that port is containerized and not bulk.

### Foreign Ports

Numbers for Russia's 2002/03 grain exports are not yet available for the division of usage between the Baltics and Ukrainian Black Sea ports. Numbers for December, 2002 show the split between these sets of ports to be about 50/50. The Baltics will continue to be extremely important for Russian exports as these ports can take Panamax vessels and a very modern and efficient 300,000 mt elevator near Muuga is Russian owned.

### **Rail**

There continues to be a shortage of rail cars, with no plans to purchase more due to lack of financing. Discounts in the tariff rate for long distances, which helped traders this year, are subject to renewal every three months and these rates will not continue past April 1, 2003. Rail reform is currently being considered by the Duma. However, the Ministry of Transportation will retain control over rates and tariffs indefinitely.

## **Other Issues Affecting Grain**

### **Price Support Intervention**

Due to recent bumper crops and the resulting low domestic prices, the GOR engaged in intervention to absorb grain off of the market. Currently there are 2.8 mmt of grain in government stocks of which 86 percent is wheat and four percent is rye. The GOR reported that prices increased an average of ten percent due to these support measures. Of the six billion rubles allotted for last year's intervention purchases, 4.9 billion were spent and the remaining one billion may be used for this year's crop. Debate surrounds what to do with these stocks and it is expected that the GOR will make a decision at the end of April. Future interventions will depend on the size of the next crop and future domestic prices.

### **Land Reform**

On January 28, 2003, the Law on Agricultural Land Turnover went into effect. Land reform legislation has been evolving since the late 1980s, although the basic right to own farmland was established by the Russian Constitution in 1993. Currently, it is estimated that only 20 percent of land used in agricultural production in 2001 was privately owned. The vast majority of land is still leased from regional governmental authorities. Even land that technically belongs to private individuals in collective enterprises. Actual ownership is difficult to establish because procedures to transfer ownership are still undeveloped.

The newest law still leaves considerable decision making and approval power in the hands of regional authorities as localities

must enact legislation to allow the sale of land. Some regions have so far been reluctant to implement reforms because in many cases the land is tied to budgetary subsidies and political and economic power in the region.

### Agricultural Insurance

In 2003, the GOR is expected to subsidize agricultural insurance payments to the tune of 900 million rubles, which is more than three times larger than in 2002. According to the World Bank, currently there are twelve insurers in Russia which couldn't continue operations without government support. These companies have suggested the creation of a specialized agency responsible just for agricultural crop insurance, but the GOR has not created it. The law on warehouse receipts is still stalled in the Duma. According to experts, 40 mmt of grain were held in elevators in 2001. However absent a law on receipts, banks generally won't consider grain as collateral for a loan, and so it can't be used to secure insurance either.

### A Final Look at 2002

#### Planted and Harvested Area, Production, Yields

Area sown to grains and legumes in 2002, 47.4 million hectares, was only slightly (0.4 percent) higher than in 2001 and production increased by 1.5 percent. Weather conditions for spring grains were worse than in 2001 and the production gain was due to higher yields of winter wheat, which was sown on 10.0 million hectares, 18 percent more than for the 2001 crop.

**Table 1. Total Grain Area Planted, 1995-2002, 1,000 Hectares**

| Commodity      | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002<br>(prelim.) |
|----------------|--------|--------|--------|--------|--------|--------|--------|-------------------|
| Wheat, total   | 23,909 | 25,721 | 26,056 | 26,101 | 23,022 | 23,204 | 23,766 | 25,640            |
| - winter       | 8,194  | 9,321  | 8,944  | 8,246  | 7,609  | 7,926  | 8,528  | 10,071            |
| - spring       | 15,715 | 16,400 | 17,112 | 17,855 | 15,413 | 15,278 | 15,238 | 15,569            |
| Barley, total  | 14,710 | 11,853 | 12,517 | 11,285 | 9,855  | 9,237  | 10,126 | 10,267            |
| - winter       | 468    | 460    | 490    | 345    | 419    | 533    | 655    | n.a.              |
| - spring       | 14,242 | 11,393 | 12,027 | 10,938 | 9,436  | 8,644  | 9,471  | n.a.              |
| Rye (winter)   | 3,233  | 4,129  | 4,005  | 3,777  | 3,393  | 3,559  | 3,634  | 3,817             |
| Oats (spring)  | 7,928  | 6,929  | 6,438  | 5,229  | 5,336  | 4,581  | 4,869  | 4,268             |
| Corn for grain | 643    | 954    | 918    | 787    | 704    | 813    | 684    | 624               |
| Rice           | 171    | 173    | 151    | 146    | 173    | 175    | 154    | 148               |
| Millet         | 698    | 1,228  | 1,086  | 975    | 1,610  | 1,588  | 1,214  | 581               |
| Buckwheat      | 1,604  | 1,369  | 1,112  | 1,226  | 1,339  | 1,577  | 1,594  | 837               |
| Legumes        | 1,784  | 1,430  | 1,340  | 1,185  | 1,098  | 922    | 1,076  | 1,213             |
| Other          | 25     | 0      | 11     | 140    | 24     | (20)   | 124    | 604               |
| Total          | 54,705 | 53,786 | 53,634 | 50,711 | 46,554 | 45,636 | 47,220 | 47,439            |

**Table 2. Production, 1995-2002, 1,000 Metric Tons**

| <b>Commodity</b> | <b>1995</b> | <b>1996</b> | <b>1997</b> | <b>1998</b> | <b>1999</b> | <b>2000</b> | <b>2001</b> | <b>2002</b> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Wheat, total     | 30,123      | 34,917      | 44,258      | 26,908      | 30,961      | 34,455      | 46,871      | 50,557      |
| - winter         | 13,800      | 16,680      | 20,550      | 13,255      | 16,178      | 17,178      | 24,400      |             |
| - spring         | 16,323      | 18,237      | 23,758      | 13,653      | 14,817      | 17,277      | 22,471      |             |
| Barley, total    | 15,800      | 15,900      | 20,786      | 9,780       | 10,604      | 14,079      | 19,466      | 18,688      |
| - winter         | 1,300       | 1,300       | 1,286       | 900         | 1,446       | 1,767       | 2,300       |             |
| - spring         | 14,500      | 14,600      | 19,500      | 8,880       | 9,156       | 12,312      | 17,166      |             |
| Rye (winter)     | 4,099       | 5,934       | 7,478       | 3,270       | 4,781       | 5,445       | 6,613       | 7,139       |
| Oats (spring)    | 8,600       | 8,300       | 9,387       | 4,583       | 4,395       | 6,008       | 7,723       | 5,693       |
| Corn for grain   | 1,687       | 1,087       | 2,675       | 820         | 1,067       | 1,530       | 831         | 1,541       |
| Rice             | 462         | 389         | 328         | 413         | 444         | 586         | 497         | 483         |
| Millet           | 488         | 446         | 1,219       | 451         | 924         | 1,123       | 548         | 292         |
| Buckwheat        | 597         | 485         | 630         | 464         | 578         | 998         | 570         | 304         |
| Legumes          | 1,542       | 1,793       | 1,780       | 954         | 881         | 1,199       | 1,802       | 1,764       |
| Other            | 8           | 89          | 12          | 127         | 71          | 83          | 262         | 28          |
| Total            | 63,406      | 69,340      | 88,553      | 47,770      | 54,706      | 65,506      | 85,183      | 86,489      |

### Grain Quality

Grain quality still remains highly dependent on the weather. Last year grain quality decreased from 2001 and the overall wheat harvest (50.6 mmt) was a record for the post-Soviet era. The percentage of the crop that was class 3 decreased from 30 percent in 2001 to 28 percent in 2002 and the percentage that was class 4 decreased from 37 percent to 33 percent, while non-food quality wheat lower than class 4 increased from 33 percent to 39 percent. This drop in quality was generally consistent across the whole country, except for the Volga valley which is the second largest producer of wheat. In the country's grain-belt (the Southern area) only 64 percent of the wheat was of food grade quality as compared to 72 percent in 2001 and in Siberia the percentage of food grade wheat was very high, nearly 90 percent.

### Consumption

Post estimates domestic consumption to have increased for both food and feed use, although feed use is the main component driving the increase. In 2002, production combined with high stock levels was far more than domestic consumption requirements, with feed use equaling almost half of all consumption and food use equaling about 30 percent. However, most grain is fed to animals on-farm and only small portion is processed into formula or compound feeds.

### Stocks

Post expects the year to end with very high stock levels (more than 13 mmt tons). Post estimates are consistent with those of experts and traders, although some organizations estimate total stocks far higher (closer to 38 mmt). Post contends that these stocks are mainly on farm and therefore not accessible to the market.

## **Trade**

Grain exports reached an historic high of 14.5 mmt driven by a bumper crop, low domestic prices, and rail tariff incentives. Post increases the wheat export estimate for MY 2002 to 11.0 mmt. By February 1, 2003 Russia exported 8.5 mmt of wheat and wheat flour and, according to the press, thousands of tons are still waiting in trains on the Russian-Ukrainian border to be shipped abroad. Wheat and wheat flour exports in January 2003 reached 1.56 mmt, second only to the historic monthly high of November 2002, when exports reached 1.8 mmt of wheat. Exports to the EU increased from 1.55 mmt in MY 2001 (36 percent of the total) to 2.91 mmt in the period June-December 2002, almost 40 percent of the total shipment of wheat and flour in this period. In the second half of MY 2003 exports will mainly go to the North Africa and Asia. In MY 2002 wheat has been exported to over 45 countries of the world, and volumes of exports vary from as low as 1,000 metric tons to over 1.5 million tons (Italy).

Post decreases its wheat import estimate for MY 2002 to 250,000 mt. By February 1, 2003 Russia imported only 116,000 mt of wheat and wheat flour in grain equivalent, most of which was from Kazakhstan. The rest was wheat flour from European countries usually supplied directly to specialized bakeries.

## **Tariffs**

Import tariffs remain unchanged at five percent for grain, ten percent for rice, and ten percent for flour. Imports from members of the CIS Customs Union are duty free. Preferential import tariffs also apply to grain imports from some less developed countries. Grain is still exported duty free.

All grain imports are controlled by the Plant Quarantine Service of the Ministry of Agriculture and by the State Grain Inspection authorities for quality and safety. There are unlikely rumors that these agencies will be transferred to the Chamber of Trade and Industry, which is responsible for determining the value of imported commodities. If so, this agency would wield considerable power over grain imports.

## Wheat for 2003

Post forecasts a drop in sown area due to lower prices which have acted as a disincentive for planting wheat. This, increased winterkill, and a lack of resources to augment spring planting to replace the winterkill will result in a significant reduction in the 2003 crop. Total domestic consumption is expected to increase with growth in the livestock sector resulting in higher feeding. The lower crop and increasing consumption will naturally result in higher prices bringing Russian grain more in line with world prices reducing competitiveness. Thus, exports for the new year are expected to drop (see section entitled General Export Situation earlier in this report for more information).

**Table 3. PSD, Wheat, 1,000 Metric Tons, 1,000 Hectares**

|                        |                    |         |       |         |      |         |
|------------------------|--------------------|---------|-------|---------|------|---------|
| PSD Table              |                    |         |       |         |      |         |
| Country:               | Russian Federation |         |       |         |      |         |
| Commodity:             | Wheat              |         |       |         |      |         |
|                        |                    | 2001    |       | 2002    |      | 2003    |
|                        | Old                | New     | Old   | New     | Old  | New     |
| Market Year Begin      |                    | 07/2001 |       | 07/2002 |      | 07/2003 |
| Area Harvested         | 23800              | 23800   | 25700 | 25700   | 0    | 23500   |
| Beginning Stocks       | 1400               | 1400    | 6400  | 6400    | 6700 | 6110    |
| Production             | 46900              | 46900   | 50600 | 50560   | 0    | 41000   |
| TOTAL Mkt. Yr. Imports | 550                | 550     | 300   | 250     | 0    | 700     |
| Jul-Jun Imports        | 550                | 550     | 300   | 250     | 0    | 700     |
| Jul-Jun Import U.S.    | 48                 | 48      | 0     | 0       | 0    | 0       |
| TOTAL SUPPLY           | 48850              | 48850   | 57300 | 57210   | 6700 | 47810   |
| TOTAL Mkt. Yr. Exports | 4372               | 4372    | 10000 | 11000   | 0    | 4500    |
| Jul-Jun Exports        | 4372               | 4372    | 10000 | 11000   | 0    | 4500    |
| Feed Dom. Consumption  | 14000              | 14000   | 17500 | 17000   | 0    | 18500   |
| TOTAL Dom. Consumption | 38078              | 38078   | 40600 | 40100   | 0    | 42000   |
| Ending Stocks          | 6400               | 6400    | 6700  | 6110    | 0    | 1310    |
| TOTAL DISTRIBUTION     | 48850              | 48850   | 57300 | 57210   | 0    | 47810   |

Notes: Goscomstat does not provide statistical data on harvested area. This data is derived from official statistics on production and yield per harvested acre. Foreign trade data include wheat and wheat flour (in grain equivalent). Russian State Customs Committee monthly and quarterly data for wheat flour have been adjusted to reflect activity over the marketing years.

**Table 4. Import Trade Matrix, Wheat, 1,000 Metric Tons**

|                     |         |            |          |
|---------------------|---------|------------|----------|
| Import Trade Matrix |         |            |          |
| Country:            |         | Units:     | 1,000 MT |
| Commodity:          |         |            |          |
| Time period:        | Jul-Jun |            |          |
| Imports for         | 2001    |            | 2002     |
| U.S.                | 42      | U.S.       | 1        |
| Others              |         | Others     |          |
| Kazakhstan          | 418     | Kazakhstan | 210      |
| Lithuania           | 17      | Germany    | 8        |
| Germany             | 9       | Finland    | 6        |
| Sweden              | 6       |            |          |
| Finland             | 5       |            |          |
|                     |         |            |          |
|                     |         |            |          |
|                     |         |            |          |
|                     |         |            |          |
|                     |         |            |          |
| Total for Others    | 455     |            | 224      |
| Others not listed   | 53      |            | 25       |
| Grand Total         | 550     |            | 250      |

**Table 5. Export Trade Matrix, Wheat, 1,000 Metric Tons**

|                     |            |         |          |
|---------------------|------------|---------|----------|
| Export Trade Matrix |            |         |          |
| Country:            |            | Units:  | 1,000 MT |
| Commodity:          |            |         |          |
| Time period:        | Jul.- Jun. |         |          |
| Exports for         | 2001       |         | 2002     |
| U.S.                | 0          | U.S.    | 0        |
| Others              |            | Others  |          |
| Italy               | 930        | Italy   | 1,650    |
| Greece              | 513        | Egypt   | 1,400    |
| Turkey              | 432        | Algeria | 1,150    |
| Algeria             | 392        | Greece  | 700      |
| Georgia             | 350        | Morocco | 650      |
| Egypt               | 329        | Syria   | 620      |
| Morocco             | 250        | Spain   | 600      |
| Azerbaijan          | 232        | Israel  | 280      |
| Israel              | 225        | Georgia | 280      |
| Mongolia            | 141        | Turkey  | 250      |
| Total for Others    | 3,794      |         | 7,580    |
| Others not listed   | 523        |         | 3,420    |
| Grand Total         | 4,317      |         | 11,000   |

## Barley for 2003

Post forecasts area sown to barley will increase slightly to 10.3 million hectares as more spring barley will be sown. However, production will drop 1.7 mmt due to high degree of winterkill (winter barley yields are higher and won't be fully compensated by spring planting). Barley consumption in MY 2003/04 will increase as more barley is put into feeding as less wheat will be available and increasingly expensive. Additionally ,domestic production of beer remains strong.

**Table 6. PSD, Barley, 1,000 Metric Tons, 1,000 Hectares**

|                        |                    |         |       |         |      |         |
|------------------------|--------------------|---------|-------|---------|------|---------|
| PSD Table              |                    |         |       |         |      |         |
| Country:               | Russian Federation |         |       |         |      |         |
| Commodity:             | Barley             |         |       |         |      |         |
|                        |                    | 2001    |       | 2002    |      | 2003    |
|                        | Old                | New     | Old   | New     | Old  | New     |
| Market Year Begin      |                    | 07/2001 |       | 07/2002 |      | 07/2003 |
| Area Harvested         | 10200              | 10200   | 10250 | 10250   | 0    | 10300   |
| Beginning Stocks       | 1529               | 1529    | 4387  | 4387    | 4287 | 3937    |
| Production             | 19500              | 19500   | 18700 | 18700   |      | 17000   |
| TOTAL Mkt. Yr. Imports | 201                | 201     | 200   | 150     |      | 300     |
| Oct-Sep Imports        | 192                | 192     | 200   | 160     |      | 300     |
| Oct-Sep Import U.S.    | 0                  | 0       | 0     | 0       |      | 0       |
| TOTAL SUPPLY           | 21230              | 21230   | 23287 | 23237   | 4287 | 21237   |
| TOTAL Mkt. Yr. Exports | 2593               | 2593    | 3500  | 3300    |      | 2300    |
| Oct-Sep Exports        | 2664               | 2664    | 3500  | 3000    |      | 2000    |
| Feed Dom. Consumption  | 9850               | 9850    | 10700 | 11200   |      | 12400   |
| TOTAL Dom. Consumption | 14250              | 14250   | 15500 | 16000   |      | 17400   |
| Ending Stocks          | 4387               | 4387    | 4287  | 3937    |      | 1537    |
| TOTAL DISTRIBUTION     | 21230              | 21230   | 23287 | 23237   | 0    | 21237   |

Note: Goscomstat does not provide statistical data on harvested area. This data is derived from official statistics on production and yield per harvested acre.

**Table 7. Import Trade Matrix, Barley, 1,000 Metric Tons**

|                     |         |            |          |
|---------------------|---------|------------|----------|
| Import Trade Matrix |         |            |          |
| Country:            |         | Units:     | 1,000 MT |
| Commodity:          |         |            |          |
| Time period:        | Jul-Jun |            |          |
| Imports for         | 2001    |            | 2002     |
| U.S.                |         | U.S.       |          |
| Others              |         | Others     |          |
| Denmark             | 115     | Denmark    | 60       |
| France              | 40      | France     | 30       |
| U.K.                | 10      | U.K.       | 10       |
| Kazakhstan          | 8       | Sweden     | 7        |
| Sweden              | 7       | Kazakhstan | 5        |
|                     |         |            |          |
|                     |         |            |          |
|                     |         |            |          |
|                     |         |            |          |
|                     |         |            |          |
| Total for Others    | 180     |            | 112      |
| Others not listed   | 21      |            | 38       |
| Grand Total         | 201     |            | 150      |

**Table 8. Export Trade Matrix, Barley, 1,000 Metric Tons**

|                     |         |              |          |
|---------------------|---------|--------------|----------|
| Export Trade Matrix |         |              |          |
| Country:            |         | Units:       | 1,000 MT |
| Commodity:          |         |              |          |
| Time period:        | Jul-Jun |              |          |
| Exports for         | 2001    |              | 2002     |
| U.S.                | 0       | U.S.         | 0        |
| Others              |         | Others       |          |
| Saudi Arabia        | 932     | Saudi Arabia | 1300     |
| Israel              | 185     | Israel       | 260      |
| Italy               | 180     | Ukraine      | 240      |
| Greece              | 168     | Greece       | 150      |
| Cyprus              | 162     | Algeria      | 130      |
| Iran                | 150     | Morocco      | 120      |
| Algeria             | 147     | Cyprus       | 110      |
| Libya               | 125     | Italy        | 95       |
| Tunisia             | 120     | Syria        | 80       |
| Morocco             | 110     | Tunisia      | 50       |
| Total for Others    | 2279    |              | 2535     |
| Others not listed   | 314     |              | 765      |
| Grand Total         | 2593    |              | 3300     |

## Corn for 2003

Weather conditions are expected to be less favorable than in 2002 resulting in lower production. Wheat, barley, and other more plentiful domestic grains will continue to play the major role in feeding.

**Table 9. PSD, Corn, 1,000 Metric Tons, 1,000 Hectares**

|                        |                    |         |      |         |     |         |
|------------------------|--------------------|---------|------|---------|-----|---------|
| PSD Table              |                    |         |      |         |     |         |
| Country:               | Russian Federation |         |      |         |     |         |
| Commodity:             | Corn               |         |      |         |     |         |
|                        |                    | 2001    |      | 2002    |     | 2003    |
|                        | Old                | New     | Old  | New     | Old | New     |
| Market Year Begin      |                    | 10/2001 |      | 10/2002 |     | 10/2003 |
| Area Harvested         | 700                | 700     | 625  | 544     |     | 700     |
| Beginning Stocks       | 92                 | 92      | 76   | 76      | 176 | 176     |
| Production             | 800                | 800     | 1500 | 1540    |     | 1150    |
| TOTAL Mkt. Yr. Imports | 534                | 534     | 300  | 300     |     | 450     |
| Oct-Sep Imports        | 534                | 534     | 300  | 300     |     | 450     |
| Oct-Sep Import U.S.    | 86                 | 86      | 0    | 0       |     | 0       |
| TOTAL SUPPLY           | 1426               | 1426    | 1876 | 1916    | 176 | 1776    |
| TOTAL Mkt. Yr. Exports | 0                  | 0       | 0    | 0       |     | 0       |
| Oct-Sep Exports        | 0                  | 0       | 0    | 0       |     | 0       |
| Feed Dom. Consumption  | 950                | 950     | 1300 | 1350    |     | 1250    |
| TOTAL Dom. Consumption | 1350               | 1350    | 1700 | 1740    |     | 1620    |
| Ending Stocks          | 76                 | 76      | 176  | 176     |     | 156     |
| TOTAL DISTRIBUTION     | 1426               | 1426    | 1876 | 1916    | 0   | 1776    |

Notes: In August area sown to corn for grain was estimated at 889,000 hectares, while in the end of CY 2001 the data on area sown to corn for grain was 464,000 hectares.

**Table 10. Import Trade Matrix, Corn, 1,000 Metric Tons**

|                     |         |            |          |
|---------------------|---------|------------|----------|
| Import Trade Matrix |         |            |          |
| Country:            |         | Units:     | 1,000 MT |
| Commodity:          |         |            |          |
| Time period:        | Jul-Jun |            |          |
| Imports for         | 2001    |            | 2002     |
| U.S.                | 95      | U.S.       | 50       |
| Others              |         | Others     |          |
| Hungary             | 291     | Hungary    | 120      |
| Ukraine             | 126     | Ukraine    | 80       |
| China               | 7       | Kazakhstan | 10       |
| Kazakhstan          | 5       |            |          |
| Moldova             | 2       |            |          |
|                     |         |            |          |
|                     |         |            |          |
|                     |         |            |          |
|                     |         |            |          |
|                     |         |            |          |
| Total for Others    | 431     |            | 210      |
| Others not listed   | 8       |            | 40       |
| Grand Total         | 534     |            | 300      |

## Rye for 2003

Rye, mostly a winter crop, has been hit by winterkill and is suffering the same fate as wheat and barley resulting in lower production. Rye is not normally an export crop and, is only exported in years when production is high. Thus, Post is not forecasting significant exports in 2003/04.

**Table 11. PSD, Rye, 1,000 Metric Tons, 1,000 Hectares**

|                        |                    |        |      |        |      |      |
|------------------------|--------------------|--------|------|--------|------|------|
| PSD Table              |                    |        |      |        |      |      |
| Country:               | Russian Federation |        |      |        |      |      |
| Commodity:             | Rye                |        |      |        |      |      |
|                        |                    | 2001   |      | 2002   |      | 2003 |
|                        | Old                | New    | Old  | New    | Old  | New  |
| Market Year Begin      |                    | 7/2001 |      | 7/2002 |      | 3600 |
| Area Harvested         | 3600               | 3600   | 3900 | 3760   |      | 3400 |
| Beginning Stocks       | 293                | 293    | 1096 | 1096   | 1796 | 1786 |
| Production             | 6600               | 6600   | 7100 | 7140   |      | 5550 |
| TOTAL Mkt. Yr. Imports | 7                  | 7      | 0    | 0      |      | 0    |
| Oct-Sep Imports        | 3                  | 2      | 0    | 0      |      | 0    |
| Oct-Sep Import U.S.    | 0                  | 0      | 0    | 0      |      | 0    |
| TOTAL SUPPLY           | 6900               | 6900   | 8196 | 8236   | 1796 | 7336 |
| TOTAL Mkt. Yr. Exports | 4                  | 4      | 100  | 150    |      | 10   |
| Oct-Sep Exports        | 4                  | 4      | 100  | 150    |      | 10   |
| Feed Dom. Consumption  | 1400               | 1400   | 1900 | 1900   |      | 1600 |
| TOTAL Dom. Consumption | 5800               | 5800   | 6300 | 6300   |      | 6150 |
| Ending Stocks          | 1096               | 1096   | 1796 | 1786   |      | 1176 |
| TOTAL DISTRIBUTION     | 6900               | 6900   | 8196 | 8236   | 0    | 7336 |

**Table 12. Import Trade Matrix, Rye, 1,000 Metric Tons**

|                     |         |        |          |
|---------------------|---------|--------|----------|
| Import Trade Matrix |         |        |          |
| Country:            |         | Units: | 1,000 MT |
| Commodity:          |         |        |          |
| Time period:        | Jul-Jun |        |          |
| Imports for         | 2001    |        | 2002     |
| U.S.                |         | U.S.   |          |
| Others              |         | Others |          |
| Germany             | 148     |        |          |
| Belarus             | 15      |        |          |
|                     |         |        |          |
|                     |         |        |          |
|                     |         |        |          |
|                     |         |        |          |
|                     |         |        |          |
|                     |         |        |          |
|                     |         |        |          |
|                     |         |        |          |
| Total for Others    | 163     |        | 0        |
| Others not listed   | 30      |        |          |
| Grand Total         | 193     |        | 0        |

## Oats for 2003

Area sown and production of oats will remain unchanged in 2003/04. Oats will remain a small crop with production dictating consumption.

**Table 13. PSD, Oats, 1,000 Metric Tons, 1,000 Hectares**

| PSD Table              |                    |         |      |         |     |         |
|------------------------|--------------------|---------|------|---------|-----|---------|
| Country:               | Russian Federation |         |      |         |     |         |
| Commodity:             | Oats               |         |      |         |     |         |
|                        |                    | 2001    |      | 2002    |     | 2003    |
|                        | Old                | New     | Old  | New     | Old | New     |
| Market Year Begin      |                    | 07/2001 |      | 07/2002 |     | 07/2003 |
| Area Harvested         | 4900               | 4900    | 4400 | 4400    | 0   | 4300    |
| Beginning Stocks       | 579                | 579     | 1176 | 1176    | 576 | 571     |
| Production             | 7700               | 7700    | 5700 | 5700    | 0   | 5800    |
| TOTAL Mkt. Yr. Imports | 0                  | 0       | 0    | 0       | 0   | 0       |
| Oct-Sep Imports        | 0                  | 0       | 0    | 0       | 0   | 0       |
| Oct-Sep Import U.S.    | 0                  | 0       | 0    | 0       | 0   | 0       |
| TOTAL SUPPLY           | 8279               | 8279    | 6876 | 6876    | 576 | 6371    |
| TOTAL Mkt. Yr. Exports | 3                  | 3       | 0    | 5       | 0   | 0       |
| Oct-Sep Exports        | 0                  | 0       | 0    | 0       | 0   | 0       |
| Feed Dom. Consumption  | 5200               | 5200    | 4600 | 4600    | 0   | 4200    |
| TOTAL Dom. Consumption | 7100               | 7100    | 6300 | 6300    | 0   | 6000    |
| Ending Stocks          | 1176               | 1176    | 576  | 571     | 0   | 371     |
| TOTAL DISTRIBUTION     | 8279               | 8279    | 6876 | 6876    | 0   | 6371    |

**Rice for 2003****Table 14. PSD, Rice, 1,000 Metric Tons, 1,000 hectares**

|                        |                    |         |      |         |     |         |
|------------------------|--------------------|---------|------|---------|-----|---------|
| PSD Table              |                    |         |      |         |     |         |
| Country:               | Russian Federation |         |      |         |     |         |
| Commodity:             | Rice, Milled       |         |      |         |     |         |
|                        |                    | 2001    |      | 2002    |     | 2003    |
|                        | Old                | New     | Old  | New     | Old | New     |
| Market Year Begin      |                    | 01/2001 |      | 01/2002 |     | 01/2003 |
| Area Harvested         | 154                | 154     | 129  | 129     | 0   | 130     |
| Beginning Stocks       | 296                | 296     | 339  | 339     | 273 | 313     |
| Milled Production      | 323                | 323     | 314  | 314     | 0   | 325     |
| Rough Production       | 497                | 497     | 483  | 483     | 0   | 500     |
| Milling Rate(.9999)    | 6500               | 6500    | 6500 | 6500    | 0   | 6500    |
| TOTAL Imports          | 406                | 406     | 350  | 380     | 0   | 300     |
| Jan-Dec Imports        | 406                | 406     | 350  | 380     | 0   | 300     |
| Jan-Dec Import U.S.    | 0                  | 0       | 0    | 0       | 0   | 0       |
| TOTAL SUPPLY           | 1025               | 1025    | 1003 | 1033    | 273 | 938     |
| TOTAL Exports          | 6                  | 6       | 20   | 10      | 0   | 10      |
| Jan-Dec Exports        | 6                  | 6       | 20   | 10      | 0   | 10      |
| TOTAL Dom. Consumption | 680                | 680     | 710  | 710     | 0   | 700     |
| Ending Stocks          | 339                | 339     | 273  | 313     | 0   | 228     |

**Table 15. Import Trade Matrix, Rice, 1,000 Metric Tons**

|                     |         |          |          |
|---------------------|---------|----------|----------|
| Import Trade Matrix |         |          |          |
| Country:            |         | Units:   | 1,000 MT |
| Commodity:          |         |          |          |
| Time period:        | Jul-Jun |          |          |
| Imports for         | 2001    |          | 2002     |
| U.S.                | 5       | U.S.     | 5        |
| Others              |         | Others   |          |
| Vietnam             | 181     | Vietnam  | 175      |
| China               | 115     | China    | 120      |
| India               | 33      | India    | 35       |
| Thailand            | 32      | Thailand | 30       |
| Egypt               | 12      |          |          |
| Kazakhstan          | 5       |          |          |
| Myanma              | 2       |          |          |
| Belgium             | 2       |          |          |
| Spain               | 0       |          |          |
|                     |         |          |          |
| Total for Others    | 384     |          | 360      |
| Others not listed   | 17      |          | 15       |
| Grand Total         | 406     |          | 380      |